GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:826
ANSWERED ON:17.08.2007
RATE OF INTEREST ON FARM LOAN
Singh Shri Dushyant

Will the Minister of FINANCE be pleased to state:

(a) whether NABARD has raised the rate of interest on farm loan; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) 86 (b): NABARD neither lends directly to the farmers nor has any proposal to lend directly to the farmers as it does not have the infrastructure and organizational set up to do so. However, NABARD provides refinance to banks for Agriculture lending. During the year 2006-07, NABARD has provided Short Term (Seasonal Agricultural Operations) (SST-SAO) refinance to State Cooperative Banks (SCBs), on behalf of eligible District Central Cooperative Banks (DCCBs), at concessional: rates of interest of 2.5% p.a. with interest subvention from Government of India. The condition for availing this refinance is that Cooperative Banks provide crop loans upto Rs.3.00 lakh per borrower at a rate of interest of 7% per annum. The rate of interest on this concessional refinance has been raised to 3% p.a. for the year 2007-08. However, the rate of interest: for borrowers for crop loan upto a principal of Rs.3,00,000/- remains same. The rate of interest of NABARD remain same as at 4.5% p.a., in case of refinance to Regional Rural Banks for providing Short Term Production Credit to the farmers at 7% p.a.